

**Christiani & Nielsen (Thai) Public Company Limited,
its subsidiaries and joint ventures**

Notes to interim financial statements

For the three-month periods ended 31 March 2009 and 2008

1. General information

1.1 Corporate information

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) is a public limited company incorporated under Thai laws and domiciled in Thailand. Its parent company is CPB Equity Company Limited, a company also incorporated in Thailand. The Company operates in Thailand and is principally engaged in the construction business. Its registered address is at No. 451, La Salle Road (Sukhumvit 105), Kwaeng Bangna, Khet Bangna, Bangkok.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has affected substantially business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to its normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard Pronouncement No. 41 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

1.4 Basis of consolidation

These interim consolidated financial statements include the financial statements of Christiani & Nielsen (Thai) Public Company Limited, its subsidiaries and joint ventures (collectively called “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2008, with no changes in the structure of the Group during the current period.

The consolidated financial statements as at 31 March 2009 and for the three-month period then ended included the proportion of the assets of the joint ventures of Baht 31 million or 0.9% of the consolidated assets and its revenues were Baht 11 million or 0.9% of the consolidated revenues (2008: Baht 13 million or 1.2% of the consolidated revenues).

1.5 Accounting standards which are effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they do not have any significant impact on the financial statements for the current period.

1.6 Significant accounting policies

These interim financial statements are prepared using the same accounting policies and method of computation as were used for the financial statements for the year ended 31 December 2008.

2. Cash and cash equivalents/restricted deposits

Cash and cash equivalents as at 31 March 2009 and 2008 as reflected in the statements of cash flows consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash and deposits at banks	273,121	288,549	253,571	231,778
Fixed deposits at banks	225,384	85,647	139,098	85,647
Deposits at finance companies	<u>5,600</u>	<u>5,600</u>	-	-
Total	504,105	379,796	392,669	317,425
Less: Restricted deposits	<u>(280,641)</u>	<u>(162,570)</u>	<u>(194,355)</u>	<u>(162,570)</u>
Cash and cash equivalents	<u><u>223,464</u></u>	<u><u>217,226</u></u>	<u><u>198,314</u></u>	<u><u>154,855</u></u>

As at 31 March 2009, the Company and its subsidiaries had pledged their bank deposits of approximately Baht 280.6 million (31 December 2008: Baht 282.9 million) with banks to secure the bank overdrafts and the letters of guarantees issued by the banks on behalf of the Group (the Company only: Baht 194.4 million (31 December 2008: Baht 196.9 million)).

3. Construction contract debtors

As at 31 March 2009 and 31 December 2008, the balance of construction contract debtors classified by aging from the due date was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2009	2008	2009	2008
<u>Age of receivables</u>				
Related party				
Past due				
Not over 3 months	-	-	2,497	3,210
Total			2,497	3,210
Retention payment under construction contracts	-	-	2,737	1,973
Total Construction contract debtors - related party	-	-	5,234	5,183
Unrelated parties				
Not yet due	323,897	309,310	318,521	306,609
Past due				
Not over 3 months	164,065	122,028	164,065	122,028
3 - 6 months	56,065	94,204	56,065	94,204
6 - 12 months	101,055	32,923	101,055	32,923
Over 12 months	93,554	93,919	93,554	93,919
Total	738,636	652,384	733,260	649,683
Retention payment under construction contracts	333,243	387,452	326,521	382,815
Total	1,071,879	1,039,836	1,059,781	1,032,498
Less: Allowance for doubtful accounts	(167,165)	(167,165)	(167,165)	(167,165)
Total construction contract debtors - unrelated parties	904,714	872,671	892,616	865,333
Total Construction contract debtors - net	904,714	872,671	897,850	870,516

The Company has transferred the calling right for the collections from the construction contract debtors of certain projects to a bank to secure the credit facilities of the Company granted by that bank.

(Unaudited but reviewed)

4. Investments in subsidiaries

(Unit: Thousand Baht)

	Shareholding percentage		Separate financial statements						
			Investment value under cost method		Allowance for impairment of investments		Carrying amount based on cost method - net		
			31	31	31	31	31	31	31
			March	December	March	December	March	December	March
	2009	2008	2009	2008	2009	2008	2009	2008	
	Percent	Percent							
Construction business									
Christiani & Nielsen Construction (Thai) Company Limited									
	100.0	100.0	1,000	1,000	(1,000)	(1,000)	-	-	
Holding companies									
CNT Holdings Limited									
	100.0	100.0	2,600,000	2,600,000	(2,503,300)	(2,503,300)	96,700	96,700	
Indochina Investments Ltd.									
	90.0	90.0	3,784	3,784	-	-	3,784	3,784	
Harmony Property Group Ltd.									
	75.0	75.0	5,256	5,256	-	-	5,256	5,256	
Plan administrator									
CN Advisory Company Limited									
	100.0	100.0	1,000	1,000	-	-	1,000	1,000	
Total investments in subsidiaries			2,611,040	2,611,040	(2,504,300)	(2,504,300)	106,740	106,740	

The Company has pledged the shares of Christiani & Nielsen Construction (Thai) Company Limited and CNT Holdings Limited with a bank to secure the credit facilities of the Company granted by that bank.

5. Investments in joint ventures

(Unit: Thousand Baht)

	Separate financial statements			
	Shareholding percentage		Investment value under cost method	
	31	31	31	31
	March	December	March	December
	2009	2008	2009	2008
Construction business				
NWR, ITD, CNT & AS Joint Venture				
	25.0	25.0	-	-
PAN ASIA - CNT Joint Venture				
	45.0	45.0	1,800	1,800
Total investments in joint ventures			1,800	1,800

Since 2002, the Company had invested Baht 2 million, representing 25% interest of NWR, ITD, CNT & AS Joint Venture, and had received its return from investment during the year 2006. The joint venture is in the liquidation process.

(Unaudited but reviewed)

6. Investments in associate and other companies

(Unit: Thousand Baht)

	Shareholding		Consolidated		Separate	
	percentage		financial statements		financial statements	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2009	2008	2009	2008	2009	2008
	Percent	Percent				
Investment in associate						
International Machinery Supplies Co., Ltd.	31.94	31.94	7,500	7,500	-	-
Total			7,500	7,500	-	-
Less: Allowance for impairment of investment			(7,500)	(7,500)	-	-
Investment in the associate - net			-	-	-	-
Investments in other companies						
Saturn Inc.	13.11	13.11	2,218	2,218	-	-
Phuket Land Development Co., Ltd.	15.00	15.00	3,000	3,000	-	-
Thai Worldwide Contractors Co., Ltd.	2.94	2.94	100	100	100	100
Thai Contractors Asset Co., Ltd.	0.20	0.20	1,000	750	1,000	750
G.E.C. Engineering Co., Ltd.	0.03	-	69	-	69	-
Total			6,387	6,068	1,169	850
Less: Allowance for impairment of investments			(3,000)	(3,000)	-	-
Investments in other companies - net			3,387	3,068	1,169	850
Total investments in associate and other companies - net			3,387	3,068	1,169	850

According to the latest audited financial statements of Saturn Inc., the net worth attributable to the subsidiary's investment as at 26 December 2008 was approximately Baht 2 million.

(Unaudited but reviewed)

7. Related party transactions

During the periods ended 31 March 2009 and 2008, the Company, its subsidiaries and joint ventures had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing and lending policy
	financial statements		financial statements		
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Transactions with the subsidiaries					
Rental and service income	-	-	15	15	Based on the prices agreed between the parties, which approximate the market prices
Interest income	-	-	176	189	Interest rate at MOR plus 0.25% per annum
Transactions with the joint ventures					
Construction income	7,445	1,737	17,786	13,682	Cost plus margin
Operating cost reimbursement	4,372	1,031	4,885	1,422	Cost plus margin
Interest income	-	-	32	25	Fixed interest rate of 3.75% and 7.00% per annum (2008: 3.75% per annum)

The balances of the accounts as at 31 March 2009 and 31 December 2008 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Construction contract debtors - related party				
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	5,234	5,183
Total construction contract debtors - related party	-	-	5,234	5,183

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Amounts due from and loans to related parties				
<i>Amounts due from the subsidiaries and joint venture</i>				
CNT Holdings Limited	-	-	-	1
Christiani & Nielsen Construction (Thai) Company Limited	-	-	21,108	20,932
CN Advisory Company Limited	-	-	32	16
PAN ASIA - CNT Joint Venture	5,558	1,337	7,781	3,068
Total	5,558	1,337	28,921	24,017
Less: Allowance for doubtful accounts	-	-	(20,932)	(20,932)
Total amounts due from the subsidiaries and joint venture - net	5,558	1,337	7,989	3,085
<i>Loans to the subsidiary and joint venture</i>				
Christiani & Nielsen Construction (Thai) Company Limited	-	-	10,300	10,300
PAN ASIA - CNT Joint Venture	-	-	2,700	2,700
Total	-	-	13,000	13,000
Less: Allowance for doubtful accounts	-	-	(10,300)	(10,300)
Total loans to the subsidiary and joint venture - net	-	-	2,700	2,700
Total amounts due from and loans to related parties - net	5,558	1,337	10,689	5,785
Advances from customers				
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	2,728	3,533	5,183	6,712
Total advances from customers - related party	2,728	3,533	5,183	6,712

During the three-month period ended 31 March 2009, there was no movement of loans to the subsidiary and joint venture.

Directors and management's remuneration

During the three-month period ended 31 March 2009, the Company paid salaries, meeting allowances and gratuities to their directors and management of totaling approximately Baht 6.5 million (2008: Baht 5.2 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 19.

8. Plant and equipment

Movements of the plant and equipment account during the three-month period ended 31 March 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2008	181,779	181,728
Acquisitions during the period - at cost	94,466	94,466
Disposals during the period - net book value at disposal date	(454)	(454)
Depreciation for the period - on cost	(14,057)	(14,055)
Depreciation of the surplus portion	(196)	(196)
Net book value as at 31 March 2009	<u>261,538</u>	<u>261,489</u>

9. Net assets of discontinued operation units

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2009	31 December 2008
Total assets	17,939	18,035
Total liabilities	(59)	(49)
Net assets	<u>17,880</u>	<u>17,986</u>

The net assets of discontinued operation units represent the net assets of Harmony Property Group Limited and CN Place Silom Development Limited.

10. Investments in real estate

The Company has mortgaged its 3 plots of land with a bank to secure the bank overdrafts granted by that bank as discussed in Note 11.

11. Bank overdrafts and short-term bank loans

The Company's bank overdrafts and short-term bank loans are secured by the mortgage of the Company's land, and the transfer of the calling right for the collections from the construction contract debtors of certain projects.

12. Estimated liabilities for guarantee obligations and other payables

During the year 2003, the Company had recorded reserve for potential loss of Baht 112 million from guarantee obligations and other payables which were claimed by the creditors under the Company's rehabilitation plan. The reserve was estimated at the rate of 3% of guarantee obligations and payables claimed, which included guarantee payables of the Group's loans, the Group's and the Company's bank guarantees, the specified and non-specified value of letter of guarantees in respect of performance bonds for the construction projects of the Group and the Company, the Revenue Department creditors, and other payables. The management believes that such reserve will cover losses and besides such obligations there will be no significant liabilities to be incurred.

During the year 2004 until 2006, as ordered by the Comptroller of Bankruptcy, the Company was forgiven certain liabilities of approximately Baht 24 million and repaid the debts of totaling approximately Baht 19 million, and there were outstanding estimated liabilities of Baht 69 million as at 31 March 2009 and 31 December 2008.

The Court had on 1 September 2005 ordered the release from the rehabilitation plan, whereby, the Company had reserved cash of approximately Baht 4 million with the Central Office of Deposit of Property, the Legal Execution Department, for settlement of debts that the final order has not been made.

13. Share capital

	(Unit: Thousand Baht)	
	31 March 2009	31 December 2008
	<u> </u>	<u> </u>
Authorised and registered		
401,162,888 ordinary shares of Baht 1 each	<u>401,163</u>	<u>401,163</u>
Issued and fully paid up		
401,161,682 ordinary shares of Baht 1 each	<u>401,162</u>	<u>401,162</u>

14. Own shares held by the subsidiary

Own shares held by the subsidiary represented the cost of 13.55 million ordinary shares of Baht 1 each, totaling Baht 13.55 million, issued by the Company following its capital restructuring plan and held by the subsidiary. This holding has been treated in the balance sheets as a deduction in the shareholders' equity to determine the net equity attributable to the Company's shareholders.

15. Assets under buy-back condition

During the current period, the Company entered into an asset sales and purchase agreement to acquire equipment with total value of Baht 44 million, with buy-back condition in which the Company has a right to sell back such equipment to the seller within 12 months at price of Baht 25 million. As at 31 March 2009, the asset under buy-back condition was presented under other current assets in the balance sheet.

16. Supplementary information of the construction contracts

The total construction costs after being adjusted realised gains or losses of the construction contracts up to 31 March 2009 were approximately Baht 8,779 million (the Company only: Baht 8,761 million). The Company and its joint venture had already billed for the contract in progress to project owners of approximately Baht 7,856 million (the Company only: Baht 7,784 million).

17. Financial information by segment

The Company's, its subsidiaries' and joint ventures' operations involve virtually a single industry segment, i.e. construction business, which is carried on both in Thailand and foreign countries.

Geographical segment information of the Company, its subsidiaries and joint ventures for the three-month periods ended 31 March 2009 and 2008 was as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the
three-month periods ended 31 March

	Other countries in			Total	
	Thailand	Asia	Eliminated	2009	2008
Revenue from external customers	1,230	-	-	1,230	1,117
Inter-segment revenue	18	-	(10)	8	2
Total revenues	<u>1,248</u>	<u>-</u>	<u>(10)</u>	<u>1,238</u>	<u>1,119</u>
Segment operating income	47	-	-	47	40
Results of discontinued operation units	-	(1)	-	(1)	23
Unallocated income and expenses:					
Other income				6	1
Administrative expenses				(40)	(42)
Finance cost				<u>(2)</u>	<u>(1)</u>
Net income				<u>10</u>	<u>21</u>

Transfer prices between business segments are set out in Note 7.

18. Operating lease commitments

As at 31 March 2009, the Group and the Company had operating lease commitments as follows:

- (a) Commitment in respect of long-term lease of land on which the Group's and Company's office and warehouse are located, for 20 years ending 14 June 2009.

On 30 August 2007, the Company renewed the lease agreement for another 10 years from 15 June 2009 to 14 June 2019. The future rental payable under this lease agreement is approximately Baht 156.2 million as follows:

	<u>Million Baht</u>
Payable within	
Less than 1 year	10.0
1 - 5 years	52.0
More than 5 years	<u>94.2</u>
	<u>156.2</u>

- (b) Commitments under lease agreements for lease of vehicles of approximately Baht 6.5 million (31 December 2008: Baht 6.5 million).

19. Contingent liabilities

As at 31 March 2009, the Group and the Company had contingent liabilities other than those disclosed in other notes as follows:

- (a) The Company had issued letters of guarantees, mainly in respect of contractual payments, performance bonds and finance facilities of approximately Baht 97 million (31 December 2008: Baht 50 million). Furthermore, the Company had issued both specified and non-specified value of letters of guarantees in respect of performance bonds for the construction projects of the overseas subsidiary companies. Since 2003, the Company recorded liabilities in respect of these guarantee obligations, which were estimated based on the maximum guarantees claimed by the creditors under the Company's rehabilitation plan.
- (b) The Company had outstanding bank guarantees of approximately Baht 2,122 million (31 December 2008: Baht 2,181 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee as follows:

	(Unit: Million Baht)	
	31 March 2009	31 December 2008
<u>Type of guarantee</u>		
Contractual performance	729	727
Advances	740	685
Project tender	143	188
Payment due to creditors	196	217
Retention	314	364
	<u>2,122</u>	<u>2,181</u>

Furthermore, the Group had bank guarantees of approximately Baht 1,121 million issued by the banks on behalf of the Group in which the Company recorded liabilities in respect of these guarantee obligations, which were estimated based on the maximum guarantees claimed by the creditors under the Company's rehabilitation plan.

- (c) The Company has guaranteed to a local bank for the credit and guarantee facilities granted by that bank to an overseas associated company at the maximum facilities of DKK 103 million. However, the Company has obtained letter of guarantee from the major shareholder of that associated company for future contingent liabilities. Under the agreement between the bank and that associated company, no additional credit facilities are to be granted and the remaining guarantee will gradually reduce over the period of letter of guarantee. The management of the Company believes that the said guarantee will be ended within 5 years from April 2001. The Company had recorded liability in respect of this guarantee obligation, which was estimated based on the maximum guarantee claimed by the creditor under the Company's rehabilitation plan.
- (d) During the year 2002, the Company filed an application for a refund of withholding tax deducted at source of the year 1999 - 2001 totaling approximately Baht 67 million with the Revenue Department. The subsequent investigation of the tax authorities resulted the Company in the additional tax assessment being made against corporate income tax, withholding tax, specific business tax and stamp duty totalling approximately Baht 118 million and the changes in tax losses brought forward of the same periods. On 17 October 2002, the Company appealed the tax assessment with the Tax Appeal Board and on 18 March 2005, the Company received the appeal result from the Tax Appeal Board with a reduction of certain tax assessments whereby total tax assessments including penalties and surcharges were reduced to Baht 93 million. On 5 April 2005, the Comptroller issued an order regarding the amount of Baht 118 million, being of the opinion that the creditor is entitled to offset such amount with the refundable withholding tax, and therefore ordering that the creditor received only approximately Baht 61 million. However, on 12 April 2005, the Company filed a petition to overrun the Tax Appeal Board's judgement, and on 19 April 2005 filed a petition opposing the order of the Comptroller. Subsequently on 23 June 2006, the Central Revenue Court announced a judgment and on 22 September 2006, the Company received a copy of the Central Revenue Court's judgment which was in favour of the Company on certain matters resulting in a reduction of tax assessments to Baht 16 million. The management believes that there will be no significant liabilities to be incurred from such event and general provision set aside in the accounts is adequate.

20. Proposed dividend

On 26 February 2009, the meeting of the Board of Directors of the Company No. 382 passed a resolution approving the payment of dividend from the 2008 income to the Company's shareholders at Baht 0.08 per share or a total dividend of approximately Baht 32 million. This proposed dividend was approved by the resolution of the Annual General Meeting of the Company's shareholders No. 76 on 30 April 2009 and will be paid to the shareholders on 20 May 2009.

21. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current period's classification but with no effect to previously reported net income (loss) or shareholders' equity.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 13 May 2009.